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EX-AIDE TO REAGAN IS SAID TO LINK HIM TO ARMS DECISION

TESTIMONY BY M'FARLANE

He Reportedly Tells Senators President Approved First Shipment by Israelis

By BERNARD GWERTZMAN

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WASHINGTON, Dec. 4 — Robert C. McFarlane, the former national security adviser, is said to have told the Senate Intelligence Committee that President Reagan gave advance approval to Israel's sale of arms to Iran, despite Administration assertions to the contrary.

Three people familiar with Mr. McFarlane's closed-door testimony said that he took issue with assertions by Attorney General Edwin Meese 3d, who said last week that Mr. Reagan had only been informed "generally" after the first Israeli shipment took place in September 1985.

Shipment 'Condoned'

They said that Mr. McFarlane told the Senate Select Committee on Intelligence on Monday that Mr. Reagan informed the Israelis through Mr. McFarlane in August 1985 that he would "condone" the Israeli shipment and would sell to Israel replacement parts for the anti-tank missiles sent to Iran.

The idea of supplying arms was raised by David Kimche, the director general of the Israeli Foreign Ministry, in the second of two meetings with Mr. McFarlane in July and August of 1985, the committee was told.

As a result of that shipment of missiles, one of the American hostages in Lebanon, the Rev. Benjamin F. Weir, was released in September, 1985. Mr. McFarlane told the committee that the sale of arms was opposed at the time by Secretary of State George P. Shultz and Secretary of Defense Caspar W. Weinberger, but that Mr. Reagan saw value in the operation, and gave oral approval.

According to the sources, Mr. McFarlane also confirmed that he had been told of the secret diversion of payments by Iran to the Nicaraguan rebels by Lieut. Col. Oliver L. North of the National Security Council staff, while they were on a mission to Teheran for Mr. Reagan last May.

But under sharp questioning from some senators, Mr. McFarlane said he did not ask detailed questions about the diversion of funds to the rebels, known as contras, because he had assumed the decision had been approved at the highest levels of Government.

Mr. Meese has said that only Mr. McFarlane, Colonel North, and Vice Adm. John M. Poundexter, who succeeded Mr. McFarlane as national security adviser, knew of the secret diversion to the Contras.

Mr. McFarlane told the committee that he did not inform anyone else of the diversion to the contras.

A spokesman for Mr. Meese said the Attorney General stood by his original account.

The sources said other points developed in the hearing included the following:

¶A second Israeli arms shipment to Iran via Portugal was held up by Portuguese authorities in November 1985, while Mr. McFarlane was attending the Geneva summit meeting with President Reagan. As a result, Colonel North was asked to intervene with the Portuguese, and the Central Intelligence Agency was brought in to hire another plane to take the spare parts to Iran. These were returned to the Israelis three months later because they were not the parts ordered.

¶By the end of November, 1985, Mr. McFarlane had become convinced that the shipment of arms to Iran was a mistake, because instead of opening up channels to moderate Iranian leaders, it was simply becoming a ransom payment to Iran. At a Dec. 6, 1985 White House meeting, two days after Mr. McFarlane's resignation had been announced, Mr. Reagan approved a recommendation by Mr. McFarlane, seconded by Mr. Shultz and Mr. Weinberger, to halt all further arms to Iran and to inform Israel and Iran of this.

¶Mr. McFarlane met secretly in London on Dec. 8, 1985 with Mr. Kimche, the Israeli Foreign Ministry director, and with Manucher Ghorbanifar, the Iranian go-between, to inform them that while the United States was interested in pursuing political talks with Iran, it was ruling out any more direct or third-party arms sales. Both men opposed this decision, arguing that without arms, it would be impossible to make any progress with Iran.

¶On Dec. 11, 1985, at another high-level meeting at the White House, with Mr. Shultz absent because of an overseas trip, Mr. McFarlane reported about his meeting in London and left the Government with the impression that the Iran operation had been closed down.

¶On his mission to Iran in May, 1986, Mr. McFarlane was accompanied by Colonel North, George W. Cave, a retired C.I.A. expert on Iran, C.I.A. communications experts, and Amiran Nir, the Israeli anti-terrorist chief. Maj. Gen. Richard V. Secord, a former Air Force officer, was not on the mission, as had earlier been reported, but was in Israel monitoring the operation. General Secord, a friend of Colonel North, has been linked to the Iran and contra operations.

¶Despite Iranian claims to have recorded "tapes" of Mr. McFarlane's conversations with the White House from his hotel in Teheran, the committee was told that the C.I.A. communications experts had set up secure communications.

¶The talks in Teheran were with senior representatives of the Foreign Ministry and with the speaker of the Iranian Parliament, Hojatolislam Hashemi Rafsanjani. But because of the failure of Iran to live up to a commitment to obtain the release of all the hostages, the talks got nowhere and after four days, the mission returned to the United States.

¶Mr. McFarlane recommended that no further arms sales go ahead, but some did anyway, the committee was told.

At the time of his trip to Iran, Mr. McFarlane had been out of Government for five months. He told the committee, the sources said, that he had been told by Admiral Poundexter that a deal had been arranged for all the remaining American hostages in Lebanon to be freed about the time he arrived in Teheran on May 28.

In return for the expected Iranian help in freeing the hostages, his Boeing 707 cargo plane carried spare parts for the Iranian Air Force, he told the committee.

The question of how the initial arms shipments to Iran began has been contentious, and a cause of disagreement between the Israeli and American Governments.

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Mr. Reagan, at a press conference on Nov. 19, denied any knowledge of third-country involvement. But shortly after the conference ended, the White House issued a statement saying that an unnamed third country had facilitated arms shipments. It had been widely reported that Israel was the country.

On Nov. 25, Mr. Meese, in a press conference disclosing the unauthorized diversion of Iranian payments to the contras, was asked several times about the President's knowledge of Israel's role.

He said that Mr. Reagan "did not have full details of all of the aspects of transactions that took place" before a formal decision by Mr. Reagan on Jan. 17, 1986, authorizing such shipments.

Statement by Meese

In particular, Mr. Meese said of the September shipment that "the President was informed generally that there had been an Israeli shipment of weapons to Iran some time during the late summer, early fall of 1985."

When informed by one reporter that Admiral Poindexter had said that Mr. Reagan had authorized the September shipment, Mr. Meese said "our information is that the President knew about it probably after the fact and agreed with the general concept of continuing our discussions with the Israelis concerning these matters."

The Israelis have insisted that they only sent arms to Iran with the approval of the United States from the beginning.

In sorting out the discrepancies for the committee, Mr. McFarlane reportedly said that the idea for the arms shipments arose in his conversations

with Mr. Kimche, who said that only by sending military equipment to the hard-pressed Iranians could the United States and Israel establish credible connections with moderate elements in the Iranian Government and that this might lead to the release of all the American hostages.

According to Mr. McFarlane's reported testimony, Mr. Kimche specifically asked that, if Israel provided Iran with American-made arms, would the United States agree to sell Israel the necessary replacement parts.

The committee was told by Mr. McFarlane that he briefed Mr. Reagan and other top officials about his talks with Mr. Kimche, and that Mr. Reagan decided not to oppose the Israeli arms sales and to send assurances that they could buy replacements.

If he was an Israeli, Mr. McFarlane was said to have told the committee, he would reasonably assume that Israel had American backing for the arms sales.

Mr. McFarlane was said to have told the committee he was dubious about the idea of sending arms to Iran, and actively counseled against it in his last weeks in office at the end of 1985, because the focus was becoming increasingly on trading arms for hostages, instead of opening wider discussions. The United States has long opposed the payment of ransom to free hostages.

According to this account, at the Dec. 6, 1985 White House meeting, all the senior advisers concurred that no more arms should be provided Iran. Mr. Reagan directed him to meet in London on Dec. 8 with Mr. Kimche and Mr. Ghorbanifar with two messages to convey.

The first was that the United States was prepared for talks on a political agenda to discuss such subjects as the American opposition to state-supported terrorism, the Soviet threat to Iran, ways of ending the Iran-Iraq war, and getting Iran to agree not to promote revolutionary activity across its borders.

The second message was that the United States would no longer be party to transfer of weapons to Iran, directly, and would not encourage others to do so.

When he told this to Mr. Kimche alone, and later to Mr. Ghorbanifar, both men counseled the United States to be patient, and continue to supply arms through Israel, the committee was told.

The Iranian told Mr. McFarlane that without the arms, the dialogue with the moderate elements in Iran could not continue, the committee was told.

When he returned to Washington, Mr. McFarlane reported to Mr. Reagan and other officials on Dec. 11, he told the committee, that he had carried out his instructions. He told the group that he distrusted Mr. Ghorbanifar and that as far as he knew then, the Iran operation was over.

But on Jan. 7, at a later White House meeting, the issue of providing arms to Iran again rose, and Mr. Reagan has said that on Jan. 17 he approved a secret finding allowing such sales to take place, despite the continued opposition of Mr. Shultz and Mr. Weinberger.